

# Subsidence claims service 'is on the point of collapse'

THE subsidence claims-handling market is "heading for meltdown" due to a lack of qualified staff, according to contractors.

Roger Boddy, chairman of ASUC Plus, said: "Could we cope with another surge? Probably not", highlighting fears that staff and skills shortages in the market are only going to get worse in the foreseeable future.

"We are concerned that labour rates are about to increase, particularly in the South-east in the run-up to the 2012 Olympics, and we predict a shortage that will affect the whole industry," he added. "We pay a multi-skilled person £1000 a week — £52 000 a year — but someone working in east London on the Olympic site could expect to earn £2000 to £2500 a week."

Speaking from the floor, Victor Handley, deputy group managing director of Van Elle, added: "Many of you are in denial. Why is that? When I look around it is the same faces that I have seen for 20 years. You may work for different companies, have moved from contractor to contractor or loss adjuster to loss adjuster, but you are the same people."

"There are now fewer contractors working because they are not getting paid and are going out of business. There are also not any young people working in the market — because when they start work, they are given 100 claims folders. Then, when the pressure builds to a crescendo, they decide they have had enough and are still young enough for a career change."



■ **Boddy: the industry won't cope with a surge.**

Mr Handley warned the situation was getting "worse and worse and we are heading for meltdown". He added that something needed to be done, advocating the Subsidence Forum as the starting place for a constructive conversation.

## Late payers unmasked

ASUC Plus chairman Roger Boddy unveiled research carried out among contractors by his organisation showing that speed of payment varies dramatically depending on who the contractor's paymaster is.

He said that while contractors employed directly by insurance companies could expect to be paid within 30 days, and within seven to 10 days in many cases, the record for project managers and intermediary loss adjusters was a lot worse, coming in at more than 60 days.

Mr Boddy described this as "payment abuse" and cited it as a reason many contractors are pulling out of the market. According to the research, local authorities and main contractors pay within 60 days.

### Are payment systems working?

A recent survey involving ASUC Plus members revealed the following:

Client	Payment period (days):	0-30	30-60	60-90	90+
Local authorities		✓	✓		
Main contractors		✓	✓		
Engineers, surveyors and intermediary loss adjusters				✓	✓
Project managers				✓	✓
Insurance companies direct		✓			

## New digital map geological hazards

THE British Geological Society is close to a digital mapping system, which it believes could revolutionise how subsidence claims are handled.

Having devised the GeoHAZard Susceptibility — known as GHASP — in the early 1990s, the BGS is now taking a new Geosure digital map product for the industry. This will provide geological data on maps of Great Britain at a scale of 1:50 000 to a postcode level.

"Digital data is the only way forward," says BGS's manager of geological hazards, Professor Paul Culshaw, adding that the latest version of the maps is now in the "final stages of development".

Looking ahead, Professor Culshaw said the BGS plans to complete its mapping of Great Britain and improve its accuracy from a scale of 1:50 000 to 1:25 000, starting in heavily populated areas. In addition, the BGS plans to add other features to the maps, including geohazards and abandoned mines.

## Reworded policies 'risky and unclear'

JOHN Parvin, Zurich's subsidence claims manager, says insurers that by simplifying their policy wording have exposed themselves to the risk of wider claims, and, therefore, more or larger claims.

He also pointed to other problems within policies, including the fact that many "as a consequence of normal conditions" clauses define what those conditions are. And comments Mr Parvin continued, contain exclusions such as "occurring prior to inception of policy", which could also be problematic to enforce.

He added that the insurance industry has not defined what subsidence is — it still relies on the Ombudsman Service's definition from 1996. Subsidence policies had not changed much since then when the cover was first offered. This is despite the fact that newbuilds benefited from modern construction techniques.

He accepted that there were problems with subsidence claims and policyholders' Association of British Insurers' "tree-root" definition, but he questioned whether these were, and whether they added value to be looked at," Mr Parvin insisted.

Asked by conference chairman David Worsfold whether he thought the country was set to face another severe year, professor Martin Culshaw, geological hazards manager at the British Geological Survey, outlined a potentially disastrous scenario for insurers. "If we have a dry summer then we can expect claims to increase. If that is followed by a dry winter, then we can expect a very large increase in subsidence claims."

Magazine



■ Plante: personal element not so important.

dealt with is "filled with process", "bogged down in letters, e-mails and queries" and that communication needed to be improved.

## Summer

search currently being carried out by the Clay Research Group reducing clay shrinkage. This takes advantage of electron design to reduce transpiration.

, and Tim Hazeel, National Building Services Performance en Plante about the one-off treatment which, if successful, he

abric of the soil permanently" would be carried out in September team of leading academics.

## Can't pay, won't pay? Adjusters accuse insurers

ACCORDING to a live and interactive voting session where panellists were put on the spot to respond to survey results, insurers and loss adjusters blame each other for the subsidence payment problem.

Nearly 50% of loss adjusters directly blamed insurers for the poor record on payment, while 45% of insurers felt the opposite was true. Both parties agreed that a web-based system needed to be introduced, as there is currently far too much paperwork involved.

Gary Strong, subsidence and surveying services director at GAB Robins, said: "Insurers are understaffed and that means invoices are being left on desks when they should have been sent to the loss adjusters. Sometimes it takes us more than three weeks to chase down invoices we have recommended for payment."

John Parvin, subsidence claims manager at Zurich, responded: "The survey reflects that the fault lies with a range of parties, with the big problem being the number of touches in the chain."

The panellists agreed that the process is far too complicated and that creative solutions are needed, such as moving to electronic payment systems, bringing in brokers to help on some claims or arranging for suppliers to pay contractors on behalf of the insurer.

The market was also divided over the standard of service insurers received from their suppliers. Despite almost half of delegates reporting that the two sides are collaborating well, 13% felt suppliers offered a poor service, while 12% said the service provided was better than insurers deserved.

Paul Stanley, managing director of Infront Solutions, said: "Some people are happy with the status quo but there needs to be a step change in order to drive costs down. Whoever is brave enough to take the step will get the reward — businesses need investment."

Other poll questions revealed that 38% of delegates agreed that insurers' customer service levels had improved steadily over the past five years; however, 32% believed all businesses involved in subsidence claims communicated poorly with policyholders.

Mr Parvin conceded that: "In the past we've failed to manage customers' expectations of the timescale of a subsidence claim," while Mr Stanley added: "Extra investment in 'nice' people is the key to quick and effective communication with policyholders."